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AUTHOR Taylor, D. D.
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ABSTRACT

This paper examines the structure and governance of higher education in Australia, including the federal and state roles, the functions of formal governing bodies, and finance. The paper also examines the organization of studies (bachelors through doctorate), the school admission process, the student financial aid scheme known as AUSTUDY, and the appointment process for faculty. It is revealed that Australian schools are provided most of their funds for teaching and research through the federal government. The Unified National System (UNS) accepts as members those institutions the federal government intends to support financially. UNS institutions decreased from 43 in 1991 to 35 in 1992 following amalgamations. Institutions receive appropximately 75% of their operating funding from federal government sources, and can compete for other funds from the federal government for research projects or special purposes. The Higher Education Contribution Scheme (HECS) has been developed as the mechanism through which Australian students contribute to the costs of their higher education. Statistical data are provided on: sources of funding; students by HECS status; students by level of course; and staff by contract type, function, and gender. (GLR)

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THE STRUCTURE AND GOVERNANCE OF HIGHER EDUCATION: A GLOBAL PERSPECTIVE
AUSTRALIAN HIGHER EDUCATION

D D Taylor, Deakin University, Australia

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THE STRUCTURE AND GOVERNANCE OF HIGHER EDUCATION: A GLOBAL PERSPECTIVE .AUSTRALIAN HIGHER EDUCATION

D D Taylor, Deakin University, Australia

1 Federal and State Roles

Australia's Commonwealth (that is, federal) Government provides the major portion of funds for higher education teaching and research. It spends the bulk of the funds in those universities and non-university institutions which it accepts as members of the Unified National System (UNS). The concept of the UNS was conceived as part of the reforms of 1989, to identify the institutions the Commonwealth intended to support.

To be a member of the UNS, an institution must be public, exceed 2000 equivalent full-time student units (EFTSU), and reach an agreement each year with the Commonwealth about its operating profile. The non-UNS part of Australian higher education is small, consisting of three small public institutions, one college owned and operated by a religious sect and one private university. Despite their non-UNS status, all but the last of these receives Commonwealth funding.

The Commonwealth's higher education expenditure in 1991, for all operating and capital purposes, amounted to about $3.8 billion to cover a planned Commonwealth-funded student load of 350,525 EFTSU, or $10,840 per EFTSU. [DEET, 1991a] This student load represents approximately 442,000 student persons, full-time and part-time, funded by the Commonwealth Government. (Amounts of money are expressed in Australian dollars. A$1.00 = US$0.76, approx.)

Most higher education institutions exist under their own State Government legislation. The exceptions are the Australian Catholic University which is in the UNS, three other institutions established under Commonwealth legislation, namely the Australian National University and the University of Canberra in the Australian Capital Territory (both in the UNS) and the Australian Maritime College in Tasmania (too small to be in the UNS), and the non-UNS, religiously-owned college and privately-owned university referred to earlier. The Australian Catholic University is a company registered under the Companies Act of the State of Victoria although it operates on campuses in Victoria, New South Wales, Queensland and the Australian Capital Territory.

The Commonwealth currently insists that Australian under-graduate students must not be charged tuition fees in UNS institutions. Consequently, the total number of under-graduate places is restricted to those which the Commonwealth decides to fund (sometimes slightly augmented by individual States), and this results in a significant level of unmet applicant demand for higher education places. The unmet demand for 1991 was estimated by the Australian Vice-Chancellors' Committee to be between 19,700 and 29,100 qualified school-leaver applicants not able to be admitted to universities and colleges. [AVCC, 1991] The figure for 1992 is thought to be in the vicinity of 50,000.

The respective State governments' systems of colleges of technical and further education (TAFE) provide post-secondary education which, in principle, can result in credit transfer to higher education institutions. These TAFE colleges are not part of the higher education system and do not currently represent the extensive alternative route to higher education provided by North American community colleges. However, the relationship between TAFE and higher education is a matter of growing importance with the rising total cost of increasing participation rates in higher education and pressure on the Commonwealth to provide sufficient university places.

Coordinating and planning the Australian higher education system is a joint Commonwealth and States matter in which the Commonwealth Government currently dominates because it provides the major part of the funds. The Commonwealth chooses to exercise its financial power to reform higher education because it sees the universities and colleges as an important instrument of national economic and social change. Following a particularly interventionist period from 1988 to 1991 on the part of the Commonwealth, there are signs now that it is relaxing its control a little, and yielding more autonomy to the institutions, probably because it has largely succeeded in bringing about its principal higher education reforms.

Since 1988 there have been Joint Planning Committees meetings between the Commonwealth and the respective States and Territories in the annual planning cycle. The purpose of these meetings has been to agree for each State separately on broad planning priorities, allowing for demography, school retention and higher education participation rates. Then, following individual institutions' meetings with the Commonwealth within the cycle, the separate States and Territories have had a further opportunity for discussion before the Commonwealth has determined its allocation of resources to institutions.

Late in 1991, the Australian Education Council (AEC) (a committee made up education ministers of the Commonwealth, States and Territories) agreed on enhanced consultative arrangements between the governments. The enhancement included the establishment of a Joint Working Group on Higher Education in addition to the separate Joint Planning Committees, and additional Joint Planning Committee meetings each year. The AEC also decided that the Commonwealth would transmit its grants directly to institutions rather than through the States as had been the practice to 1991.

The additional consultative opportunities mean that the States and Territories can explain and negotiate their claims more thoroughly, though without guaranteeing any particular Commonwealth response. Direct transmission of Commonwealth funds to the institutions removes the last direct recognition that most institutions are legally the property of the States.

2 Governance

Australian higher education institutions are self-governing organisations in which the formal governing body is the council, senate or board of governors. The council normally has a majority of members who are neither staff nor students of the institution, and it is presided over by a chancellor (in universities) or president of council (in non-university institutions) who is elected by and from members of the council.

The function of a university council (referring to the Deakin University Act as an example) is to make statutes relating to all aspects of the organisation, management and good government of the university. These statutes may cover such matters as services provided in the university, employment of academic and general staff, selection and enrolment of students, discipline, examinations, awards, prizes, fees, institutional affiliations, accommodation for academic and residential purposes, property, finance and audit. [Victorian Parliament, 1974] The council, itself, appoints the institution's most senior academic officer, who is also the chief executive officer, and is called the vice chancellor in universities and the director in colleges and institutes.

Collegial governance with strong participation by academics in policy making, through departments, faculties and boards in a hierarchy with the university council at its apex, is widely regarded as appropriate in Australian universities. Acceptance of a role for general or non-academic staff in the collegial processes is weaker. That there is an important student role is seldom challenged in principle, although students sometimes seem to have more interesting things to do than participate in these committees.

The Commonwealth Government's 1988 White Paper urged a more managerial style upon universities, in which the vice chancellor would emphasise the managerial or chief executive officer side of the role at the expense of the collegial and academic side. The council would be smaller than the currently typical 25 to 30 members, and behave like a corporate board of directors. [Dawkins, 1988] Although institutions have not rushed to down-size their councils, the task of meeting the Commonwealth's annual reporting and negotiating requirements has frequently forced vice chancellors and directors to behave more managerially and less collegially.

A university or college is likely to have council committees with terms of reference in areas such as finance, student affairs, staffing, legislation, campuses and buildings, and Council membership. The principal committee on academic affairs is usually called the academic board or board of studies, and has responsibility for the institution's educational philosophy, for teaching and research standards and for the selection and admission of students. Within each faculty and school of the university there will be a faculty or school board, to some extent subordinate to the university's academic board, and with responsibilities like those of the academic board at the faculty or school level.

Australian institutions generally value their interaction with professions and employers, such interaction being frequently made operational through external representation on course committees. Course committees normally advise deans and faculty boards on the development, monitoring and accreditation of courses.

Where explicit professional recognition of a graduate is a pre-requisite to professional practice, professional bodies can have significant influence over the relevant parts of an institution's curriculum. Universities have to be wary in these circumstances that their academic prerogatives and objectives are not usurped by an over-prescriptive zeal on the part of those representing the professions.

3 Finance

The institutions in the UNS, collectively, derive their funds from Commonwealth Government sources (including Higher Education Contribution Scheme (HECS) revenue), 75 per cent, State Government sources, 5 per cent, and non-government sources, 20 per cent. For more detail see Table 1.

Table 1: Sources of Higher Education Institutions' Funds, 1990

	A$'000	A$'000	Percent
Commonwealth Government			
higher educ legislation (incl HECS)	3,330,723		
other departments and agencies	321,842		
sub-total		3,652,565	75.2%
State Governments		241,666	5.0%
fees and charges		406,301	8.4%
donations and bequests		111,969	2.3%
investments		256,269	5.3%
other sources		186,405	3.8%
total		4,855,175	100.0%

The Commonwealth provides funds to each UNS institution by way of an annual one-line operating grant based on student load and research profile. Institutions have great discretion over how the grant is deployed, and this discretion is exercised with the result of producing significantly different expenditure rates per student unit for, for example, for teaching salaries, non-teaching salaries and non-salary items.

Planning is on a rolling triennium basis so that, for example, in 1992 each institution will negotiate with the Commonwealth for its 1995 student load and grant. The operating grant is intended to cover all operating expenses such as salaries, equipment, maintenance and administration of teaching and research, and relating to the student load mix and quantity agreed by the Commonwealth. Institutions may also have additional student load funded by other sources, such as a corporation or a State Government.

Institutions compete for other funds from the Commonwealth, for further research projects, for projects relating to special Commonwealth purposes (such as the improvement of participation by disadvantaged groups), and for capital building projects. It appears now, however, that capital buildings funds will become part of the basic operating grant from 1994. Options being considered for calculating the capital component of institutions' grants include making it proportional to EFTSU at a flat rate, making it proportional to EFTSU at a discipline-dependent rate, and making it a set proportion of the operating component of the grant.

The HECS is the mechanism through which Australian students contribute to the costs of their higher education, except for a small proportion of students in post-graduate courses who pay tuition fees explicitly. HECS money is held by the Commonwealth Government and used to supplement general revenue in funding the UNS institutions. The HECS revenue is regarded by the Commonwealth as the means of expanding the publicly-funded capacity of the UNS.

HECS arrangements are such that the student has the option of deferring payment by converting the obligation into a future income tax liability or paying at the beginning of each semester. In either case, the funds are payable to the Commonwealth Government. Students who do not pay the HECS charge include foreign students who are either paying full cost fees or sponsored under a foreign aid program, Australian students in the selected post-graduate courses for which tuition fees are payable, and Australian post-graduate and other students who have a HECS exemption scholarship. The overall distribution of students' HECS status for 1991 is set out in Table 2.

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Table 2: Students by HECS Status, 1991			
not exempt			
deferred to taxation	340,410	76 %	
paid up-front	107,901	24 %	
sub-total		448,311	83%
exempt			
fees-approved post-graduate course	10,376		
basic nurse education	21,673		
fee-paying foreign students	21,159		
overseas charge arrangements	4,897		
sponsored under foreign aid	3,622		
non-award course	7,093		
HECS post-graduate scholarship	18,785		
professional development of teachers	3,862		
sub-total		91,487	17 %
total			539,798

The HECS charge, which is a tuition fee under a different name and is undifferentiated across fields of study, was $1,993 in 1991 at the full-time equivalent rate for the whole year. The $1,993 represented 18.4 per cent of the average $10,840 per EFTSU paid by the Commonwealth for all purposes.

At the Scheme's inception it was stated that the obligation to be incurred in any given year would be adjusted strictly to the Consumer Price Index (CPI). However, from 1991 to 1992 the increase exceeded the 1.5 per cent change in the CPI to become $2,250, a rise of 12.9 per cent in one year. This $2,250 is 19.5 per cent of the $11,515 per EFTSU planned for 1992's $4.2 billion over 363,425 EFTSU. [Baldwin, 1991] Increasing students' HECS contributions further would be one way of funding more rapid expansion of the university system to meet the demand for places.

The actual liability a student incurs in any particular year is directly proportional to the fraction of a standard full-time year's work in which he or she enrols. Students who opt to pay up-front receive a fifteen per cent discount, and those who defer the liability have the accumulated debt indexed to real terms until the time of payment.

For those who choose deferment, the Australian Taxation Office effectively becomes the lending agent and Commonwealth Government consolidated revenue becomes the source of the borrowed funds. In 1991, the repayment became a loading on the person's income tax of a further two per cent when taxable income reached $25,469, three per cent from $28,942 and four per cent from $40,520. As a context for these figures, the median starting salaries for first degree graduates under 25 years old across all disciplines in 1991 were $26,100 for males and $24,278 for females. [GCCA, 1992]

Nearly a quarter of liable students pay their HECS obligation up-front, at the beginning of semester, and this has provided well over half the Commonwealth Government's expenditure on growth since the scheme started. Part-time and external students are more likely to pay up-front than full-time students; part-timers and externals are more likely to be in the work-force and already earning at the levels requiring payment through the income tax system. Over the next few years the number of graduates entering the workforce with full course liability to pay through taxation will increase rapidly, as the scheme becomes fully established, greatly increasing the share of the total Commonwealth operating grant which has actually been collected from students.

The shortage of places in higher education, which has prevailed in Australia for many years, has now become particularly acute as a result of a combination of factors. The Commonwealth and the States have all strongly promoted the economic and social importance of education and encouraged higher rates of school retention and transition to post-secondary education. Recent serious youth unemployment has accelerated these trends, with the consequence that the propensity of young people to complete secondary school and then to seek entry to tertiary education has run well ahead of government projections and targets.

Partly in response to widespread expressions of public concern about the very large number of school leavers and others who have not been able to gain entry to higher education this year, the Commonwealth has offered to take over the responsibility for funding the TAFE colleges from the States. There has been concern for some time about the effectiveness of the separate States' TAFE systems in producing skilled para-professionals, technicians and trades people, and this take-over appears to have been on the Commonwealth's agenda for some time.

However, a TAFE place costs less to support than a higher education place, and the question of an appropriate rate for age-group participation in university education currently remains unresolved. So the TAFE sector is seen by some as the means of reducing public anxiety over the shortage of university places. By improving the TAFE sector's performance and image, many applicants' educational aspirations may be diverted from higher education into a range of skills areas recognised as a growing weakness in the total labour supply. Furthermore, the functions of the TAFE sector could be broadened to incorporate the university credit-transfer function performed so effectively by North American community colleges.

4 Types of Institutions

In 1991 there were 43 UNS institutions with an average size of 12,368 students or 9,797 EFTSU. The number of UNS institutions fell to 35 in 1992 following further amalgamations. Most UNS institutions are universities (30 in 1991, 32 in 1992) and the others are colleges of advanced education (by whatever label). Before the end of 1992 the number of UNS institutions may well decrease again following more amalgamations, and some of the remaining colleges will become universities.

All universities are funded for research as well as teaching and enrol doctoral students, and older universities tend to have wider ranges of fields of study. Until 1989 the colleges of advanced education were principally engaged in teaching bachelor degrees of three and four years length and post-graduate diplomas but, increasingly, they now compete for Commonwealth research funds and offer masters and doctoral degrees.

The majority of higher education student places are at urban, commuter locations, in capital and provincial cities. However, some universities also offer distance education, a form of delivery which serves not only students in remote locations but also people in major metropolitan areas who, for various reasons, do not find attendance at a campus feasible or desirable.

5 Organisation of Studies

The university teaching year consists of two semesters, from the beginning of March to mid June and from late July to the end of October. The principal under-graduate award in higher education is the bachelor degree which requires three of four years of full-time study, or longer if taken part-time. Some institutions also offer under-graduate diplomas and associate diplomas of two or three years' duration.

Post-graduate awards are the masters degree and the doctoral degree, the former being of one or two years' duration and the latter requiring three to five years, and post-graduate bachelor degrees and diplomas in particular disciplines. Masters degrees may be offered solely by research or by course-work with or without a thesis. Doctorates are awarded on the basis of research. The distribution of students by level is shown in Table 3.

Table 3: Students by Level of Course for All Funding Sources, 1991	
higher degree (masters and doctorate)	
by research	19,280
by course	24,985
other than higher degree (diploma and bachelor degree)	
post-graduate	48,638
bachelor degree	380,590
other	55,452
non-award	5,593
total students	534,538
total EFTSU	423,685
total population	17,335,900
students as a percentage of population	3.1 %

6 Entry to Institutions

Most Australian States have boards concerned with school curriculum and assessment and responsible for some form of standardised reporting of students' performance at the end of year twelve, the final year of schooling. Similarly, there is normally a State tertiary admissions body run co-operatively by the universities. This body processes the great majority of applications for admission to under-graduate courses (and a few post-graduate ones), using information provided by the relevant assessment board.

Under-graduate selection based on board assessment occurs in January and February. Selection may, however, be based wholly or partly on other evidence such as interviews, folios of work and auditions, where the nature of the tertiary course renders this appropriate. In such cases selection processes need not be confined to the January-February period. Selection for post-graduate courses is more varied, fitting particular course circumstances, and is normally carried out directly by the universtiy or department concerned.

7 Financial Aid for Students

AUSTUDY is a Commonwealth Government scheme which provides financial help, on an income- and assets-tested basis, to students who are 16 years of age or over and who are engaged in approved full-time secondary and tertiary studies. Students under 16 years of age can also be eligible if they are are orphans, homeless or refugees, have parents unable to support them, or are in substitute care. To receive AUSTUDY benefits, a student must be an Australian citizen or have permanent resident status.

A recent proposal to replace AUSTUDY by a loans scheme, with loans repayable through the income tax system (like the HECS liability), has not been accepted by the Commonwealth, at least for the present. A modification of the proposal, to make loans an option available to students after their first year has also been met with strong opposition.

A student can earn up to $5,000 per year without diminishing his or her AUSTUDY benefits, at 1992 rates. AUSTUDY benefits commence reducing when a dependent student's parental family income exceeds $20,700 annually or, for a married student, when the spouse's income exceeds $13,000. An independent single student could have assets (for example, own an apartment) of up to $107,000 before the benefits would be reduced.

Examples of maximum weekly rates and annual amounts payable to 18 year old students under AUSTUDY in 1992 are:

- dependent student living at home, $77.10, $4,031;
- dependent student living away from home, $117.10, $6,123;
- independent single student, $117.10, $6,123;
- independent married student with dependent wife and one child, $251.50, $13,150;
- independent student sole parent, $165.20, $8,638.

These rates may be compared with the recent estimate of the Student Financial Aid Office at the University of Melbourne, that a student living in rented accommodation for 52 weeks would need $11,500 to $12,000 to cover living, transport and studying costs (but not HECS) for the year.

ABSTUDY is a Commonwealth Government scheme of financial help for Aborigines and Torres Strait Islanders. The principal rates of assistance paid under this scheme are similar to those under AUSTUDY.

Separately from the national AUSTUDY and ABSTUDY schemes, most institutions operate a student loan fund. These funds make relatively small amounts available to students for limited periods to cope with emergencies.

8 Faculty Appointments

Where the the term "faculty" is used in North America to refer to university employees engaged in teaching and research, Australians usually speak of "academic staff". Administrative, library and technical employees are normally described as "general staff". Australians commonly use the word faculty to refer to a major organisational unit.

The appointment levels for academic staff are:

level A associate lecturer or tutor
level B lecturer
level C senior lecturer
level D associate professor or reader
level E professor.

At level A, the person is expected to teach at the under-graduate and post-graduate diploma level and to develop a mixture of scholarly, research and professional activities. He or she will have an honours degree or higher qualifications. The duties of a level B person include those above and, in addition, supervision of research students, coordination of teaching, and initiation of syllabus material. He or she will have greater teaching and research experience than a level A person and, usually, a higher or professional degree.

A person at level C is expected to play a major role in such things as scholarship, research and professional matters, coordination of course delivery, and leadership in research. A doctoral or equivalent qualification and a record of scholarly or professional recognition are normal at this level. Level D people may be appointed in recognition of their distinction in their discipline. They will usually make a significant contribution to their profession or discipline and have high level administrative responsibilities. At level E the person will be recognised as a leading authority in the discipline, will provide leadership and foster excellence in research, teaching and professional matters, and will be active in policy development in the department, the institution and the community.

Academics may be appointed to teach or to research or to do both of these. Contracts may be tenured, that is permanent subject to a standard retiring age, or for a fixed duration, and the 1991 contract distribution is shown in Table 4.

Table 4: Staff by Contract Type, Function and Sex, 1991			
Category	Abbreviation	Number of persons	Percent
full-time	full	60,748	81%
fractional time	frac	6,181	8%
tenurable	full & frac	45,992	62%
limited term	full & frac	18,099	24%
other term, of unspecified duration	full & frac	2,838	4%
casual		7,630	10%
teaching only	full & frac	7,607	10%
research only	full & frac	7,048	9%
teaching & research	full & frac	23,801	32%
other	full & frac	36,103	48%
female		33,937	46%
male		40,622	54%
total		74,559	100%

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